

Message Text

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42

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EB-11 FEA-02 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 DRC-01 /194 W

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R 031215Z JUL 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7141

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EEC, GATT, IT

SUBJ: DISCRIMINATORY APPLICATION OF ITALIAN IMPORT
DEPOSIT SYSTEM

REF: (A) EC BRUSSELS 4645; (B) ROME 8931; (C) OECD
PARIS 15979; (D) EC BRUSSELS 4335

1. AT LUNCH ON JULY 2, I ASKED COMMISSIONER GUNDELACH WHAT
WAS BEING DONE AS A RESULT OF OUR PROTEST ABOUT THE
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COMMISSION'S ACTION WHICH HAD RESULTED IN DISCRIMINATORY

APPLICATION OF THE ITALIAN IMPORT DEPOSITS. GUNDELACH TREATED ME TO A LENGTHY DESCRIPTION OF THE COMEDY OF ERRORS WITHIN THE COMMISSION WHICH HAD LED TO A CHANGE IN THE ITALIAN SYSTEM APPARENTLY DESIRED ONLY BY THE ITALIAN MINISTER OF AGRICULTURE AND THE AGRICULTURAL DIRECTORATE OF THE COMMISSION. OBVIOUSLY ANNOYED WITH THE WAY THE MATTER HAD BEEN HANDLED IN THE COMMISSION, GUNDELACH HAD UNDERTAKEN HIS OWN INVESTIGATION AND COME OUT WITH THE FOLLOWING CONCLUSIONS:

- A) OTHER THAN THE ITALIAN MINISTER OF AGRICULTURE WHO WANTED ADDITIONAL PROTECTION ON MEAT, THE ITALIAN CABINET DID NOT FAVOR CHANGING THE IMPORT DEPOSIT SCHEME TO INCLUDE TARIFFS AND LEVIES UPON WHICH THE DEPOSIT IS CALCULATED.
- B) SINCE THE ISSUANCE OF THE COMMISSION DECISION, THE IMPORT DEPOSIT SYSTEM WAS IN FACT NOT BEING APPLIED ON THE NEW BASIS SINCE THE ITALIANS WERE NOT TECHNICALLY EQUIPPED TO CARRY IT OUT. HIS EXPLANATION WAS SIMILAR TO THAT IN PARA 2 OF REF B.

2. ARMED WITH THESE FINDINGS, GUNDELACH SAID HE HAD PERSUADED THE REST OF THE COMMISSIONERS TO AGREE TO RESCINDING THEIR EARLIER DECISION. HE ASSURED ME THAT IN THE NEXT DAY OR TWO, THE COMMISSION WOULD ACT TO ANNUL THE DECISION, AND HE HOPED THE WHOLE INCIDENT WOULD DISAPPEAR WITHOUT FURTHER COMMUNITY OR INTERNATIONAL DISCUSSION. HE PARTICULARLY ASKED THAT, IN REPORTING THIS DEVELOPMENT TO WASHINGTON, WE ALSO TRANSMIT HIS HOPE THAT THE USG WOULD DROP THE MATTER WITHOUT FURTHER DISCUSSION OF THE ISSUE OF PRINCIPLE AND WOULD NOT PLAY IT UP AS A US VICTORY.

3. COMMENT: OFFICIALS IN THE COMMISSION'S DIRECTORATE GENERAL FOR EXTERNAL RELATIONS ORIGINALLY TOLD US THAT GUNDELACH WAS ONE OF THE ADVOCATES OF THE REVISION OF THE ITALIAN IMPORT DEPOSIT SCHEME. (SEE ALSO REF D, PARA THREE.) GUNDELACH'S EXPLANATION IS THAT HE BACKED REVISION ONLY ON THE UNDERSTANDING THAT THIS WOULD BE LINKED WITH THE SETTING OF A TERMINAL DATE FOR THE IMPORT DEPOSIT REQUIREMENT. SINCE SUCH A DATE WAS NOT IN FACT ESTABLISHED, LIMITED OFFICIAL USE

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HE HAS TURNED AGAINST THE REVISION. END COMMENT. GREENWALD

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Message Attributes

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